

Department of Animal Science

CORONAVIRUS FOOD ASSISTANCE PROGRAM: DAIRY INDUSTRY

August 2020

Liz Eckelkamp, Department Animal Science

Aaron Smith, Department of Agricultural and Resource Economics

Charley Martinez, Department of Agricultural and Resource Economics

Sreedhar Upendram, Department of Agricultural and Resource Economics

General Overview of CFAP

The Coronavirus Food Assistance Program (CFAP) is a direct payment program that utilizes funding from the Coronavirus Aid, Relief and Economic Security Act (CARES) and the Commodity Credit Corporation (CCC). The two funding sources provide \$9.5 billion (CARES) and \$6.5 billion (CCC) for eligible commodities. Dairy production and other aspects of the dairy industry are eligible for this program. If a producer wishes to enroll in this program, the producer can do so through their county Farm Service Agency (FSA) office. A producer can participate in this program regardless of their participation in other programs, such as Dairy Margin Coverage (DMC), Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL). The maximum amount of payment eligibility is based on the number of owners for the enterprise. A one-owner enterprise is limited to \$250,000, two-owner enterprises are limited to \$500,000, and enterprises with three or more owners are limited to \$750,000.

Eligible commodities for Tennessee dairy producers include silage and dairy production for the first quarter of 2020. Producers can also account for steers and culled dairy cows for payments in the livestock section.

We will continue to update the [UT Dairy website](#) and the [Agricultural and Resource Economics departmental website](#) with resources and share information through our email lists.

FAQs About Dairy Reimbursement for CFAP

- Question: Can dairy producers who stopped production during the first quarter still receive CFAP payments?
 - Answer: Yes! Dairy producers who had any production during the payment period (quarter 1) are eligible to file for CFAP.

- Question: Is the \$250,000 cap per commodity or per farm?
 - Answer: The \$250,000 cap is per individual enterprise, or farm. Multiple farm commodities such as dairy, beef or crops (corn grain, soybeans, etc.) can be combined to reach the \$250,000 amount.
- Question: What if I have multiple shareholders in my farm?
 - Answer: If a farm is structured as a corporation, LLC or limited partnership, payments may be higher. If shareholders (up to three) contribute substantial labor or management (400 hours or more), payments may be up to \$500,000 for two shareholders or up to \$750,000 for three shareholders per individual enterprise.
- Question: Is there a limit to the number of CARES Act programs I can apply to?
 - Answer: No, producers can apply for the Paycheck Protection Program, Economic Injury Disaster Loan, and Coronavirus Food Assistance Program.
- Question: Can I apply for multiple farm commodities for a single farm enterprise?
 - Answer: Yes! Multiple farm commodities such as dairy, beef, crops (corn grain, soybeans, etc.) can be combined to reach the maximum payment amount for a farm enterprise.
- Question: How will producers have to prove total dairy production (cwt)?
 - Answer: Bulk tank reports or daily pick-up records will be adequate records for CFAP. Records are self-certified by producers.
- Question: How will corn used for silage be valued?
 - Answer: Corn silage will be valued like corn grain. Both will be based on January 15, 2020 inventories and both will be priced by the bushel. A conversion rate from tons to bushels of silage is included in both the [CFAP calculator](#) and the [UT calculator](#).
- Question: How should producers report allowable non-specialty crops like corn grain and soybeans?
 - Answer: Producers will self-report unpriced inventories based on January 15, 2020 levels or 50% of the eligible producer's 2019 production of that commodity. Unpriced inventory means any production that is not subject to an agreed-upon price in the future through a forward contract, agreement or similar binding document.
- Question: Can I claim my cull cows as beef animals?
 - Answer: Yes! Cull cows, dairy steers and beef on dairy crosses may be allowable for CFAP.
- Question: If I have beef cow/calf animals in inventory that have not been sold, can I claim those animals as well?
 - Answer: Yes, beef cows and calves can be claimed for CFAP payments as inventory animals.

Additional Resources on Dairy Reimbursement for CFAP

- University of Tennessee Department of Agricultural and Resource Economics Coronavirus Food Assistance Program Calculator available online at https://ag.tennessee.edu/arec/_layouts/download.aspx?SourceURL=/arec/Documents/DecisionAidTools/cfapcalculator_52720_silage_addition.xlsx.
- Crops, Cattle, & Charley: CFAP Calculator for Dairy Operations available online at <https://youtu.be/5NydNkTUyR0>.
- Webinar Wednesday: Coronavirus Food Assistance Program Information for Dairy Producers available online at <https://youtu.be/YjLLHwHCE-s>.



UTIA.TENNESSEE.EDU

D 123 21-0008 08/20 Programs in agriculture and natural resources, 4-H youth development, family and consumer sciences, and resource development. University of Tennessee Institute of Agriculture, U.S. Department of Agriculture and county governments cooperating. UT Extension provides equal opportunities in programs and employment.